

CHEVY CHASE VILLAGE, MARYLAND
FINANCIAL STATEMENTS
JUNE 30, 2010

**CHEVY CHASE VILLAGE
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JUNE 30, 2010**

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Independent Auditor's Report

Board of Managers
Chevy Chase Village, Maryland

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Chevy Chase Village, Maryland (the "Village"), as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements of the Village as listed in the table of contents. These financial statements are the responsibility of Chevy Chase Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Chevy Chase Village as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, there was a prior period accounting error resulting in an adjustment to the beginning balance of net assets held in trust for pension benefits for July 1, 2009.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 31 through 32, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chevy Chase Village, Maryland's basic financial statements. The supplemental schedules on pages 33 through 39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hindley + Associates, LLC

October 11, 2010

CHEVY CHASE VILLAGE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The management of Chevy Chase Village, (the "Village"); consists of the Village Manager and the elected Board of Managers. As management, we offer readers this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2010.

Overview of the Financial Statements

In accordance with the financial reporting standards for governments, the Village reports its financial condition and the results of its operations in two formats. The full-accrual format reports, the Statement of Net Assets and the Statement of Activities, are found on pages 8 and 9 and summarized below. The modified accrual format presents the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds on pages 10 and 11. The differences between the reports arise primarily as a result of the treatment of fixed assets, long-term debt, revenue recognition and certain expenses. The two formats are reconciled and the differences are explained in the reconciliations to the right of the statements.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements are an integral part of the basic financial statements and can be found on pages 14 through 30.

Financial Summary: Full Accrual Basis

The comparative data shown below represents the Village's net assets on the full accrual basis.

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash, investments and receivables	\$ 8,108,149	\$ 9,041,216
Capital assets, net of depreciation	<u>2,106,348</u>	<u>2,228,221</u>
	<u>10,214,497</u>	<u>11,269,437</u>
<u>Liabilities</u>		
Payables and other current obligations	373,996	268,777
Long term obligations	<u>196,968</u>	<u>228,608</u>
	<u>570,964</u>	<u>497,385</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,106,348	2,228,221
Restricted for Safe Speed Program approved projects	3,932,569	3,878,174
Unrestricted net assets	<u>3,604,616</u>	<u>4,665,657</u>
<u>Total Net Assets</u>	<u>\$ 9,643,533</u>	<u>\$ 10,772,052</u>

CHEVY CHASE VILLAGE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The amounts reported as "Net Assets" in the Statement of Net Assets (page 8) are different from the amounts reported as "Fund Balance" in the Balance Sheet – Governmental Funds (page 10). This occurs primarily because of the differences in the treatment of capital assets and the revenue and expense/expenditure recognition principles found in full accrual and modified accrual accounting.

Village Operations: Full Accrual Basis

The Statement of Activities (page 9) presents the change in the Village's Net Assets during the most recent fiscal year measured on the full accrual basis of accounting. Essentially, all changes in net assets are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities record an expense for depreciation and the related outlays for capital items are reflected in the corresponding yearend balance sheet (Statement of Net Assets – full accrual basis).

Change in Net Assets

	Governmental Activities	
	2010	2009
Program revenues		
Charges for services	198,431	177,125
Safe speed program	2,616,748	4,318,645
Operating grants and contributions	302,287	429,196
	<u>3,117,466</u>	<u>4,924,966</u>
General revenues		
Property and income taxes		
levied for general purposes	2,538,691	3,679,048
Safe speed program investment earnings	11,900	25,485
Unrestricted investment earnings	63,258	84,726
	<u>2,613,849</u>	<u>3,789,259</u>
Total revenues	<u>5,731,315</u>	<u>8,714,225</u>
Expenses		
Police and communications	1,366,915	1,371,401
Safe speed program	2,468,570	2,423,837
Public works, parks, and recreation	1,585,171	1,734,147
Administration and special projects	1,439,178	1,184,980
Total expenses	<u>6,859,834</u>	<u>6,714,365</u>
Change in net assets	(1,128,519)	1,999,860
Net assets, beginning of year	10,772,052	8,772,192
Net assets, end of year	9,643,533	10,772,052

CHEVY CHASE VILLAGE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The Statement of Net Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *SafeSpeed* Program began several months into the FY2008 fiscal year. The citations collected in FY2010 reflect a \$2,118,754 or a 45% decrease over the FY2009 fiscal year. This is due to a number of factors included in the new *SafeSpeed* legislation that went into effect October 2009. The threshold for issuing a citation has increased from eleven miles over the speed limit to twelve miles over the speed limit. Also, there has been a tremendous increase in the number of speed cameras operating throughout the state. This has caused a significant increase in driver awareness which has also contributed to the lower issuance of citations.

The Village's net assets at June 30, 2010 totaled \$9,643,533, of which \$2,106,348 is invested in capital assets, net of related debt. This represents capital assets presented at cost, less the accumulated depreciation and any unpaid debt incurred to acquire the asset. At June 30, 2010, there was no debt associated with the capital assets. Capital assets include property, buildings and improvements, furniture and equipment, and vehicles. An asset is capitalized if it has a cost in excess of \$1,000 and a useful life greater than one year. Refer to footnote 6 for a detailed schedule of capital assets and related depreciation.

Major capital asset additions during the year ended June 30, 2010 include the following:

Police hybrid surveillance vehicle	\$ 25,349
Police cruiser	26,557
Copier	14,349
	<hr/>
	\$ 66,255

Fund Accounting and Budgets: Modified Accrual Basis

The Village groups related accounts into two funds, General Fund and Special Revenue Fund, to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

At its annual meeting each April, the Village adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget. The budget-to-actual comparisons are presented by department on pages 31 to 32. The financial statements for the General Fund are presented on pages 10 and 11. A summary comparison of General Funds – budget vs. actual is shown below:

**CHEVY CHASE VILLAGE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

**Schedule of Revenue and Expenses - Budget and Actual
(Modified Accrual Basis)**

	Final Budget	Actual	Variance Positive / (Negative)
Revenue	\$ 3,448,985	\$ 3,207,835	\$ (241,150)
Expenditures	4,571,264	4,242,668	328,596
Excess of revenue over expenditures	<u>\$ (1,122,279)</u>	<u>\$ (1,034,833)</u>	<u>\$ 87,446</u>

The General Fund is the operating fund for Chevy Chase Village. At June 30, 2010, the Village's General Fund reported an ending fund balance of \$3,388,096, all of which is unreserved and undesignated, which means it is available for spending at the Village's discretion. At June 30, 2010, the Special Revenue Fund reported an ending fund balance of \$3,932,569, all of which is reserved for public safety purposes, including, but not limited to pedestrian safety programs and projects.

As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total expenditures. The current General Fund Balance is 80% of current year expenditures.

Economic Factors and the Status of Village Funds

The Village enjoys a strong position, but is dependent on State income tax collections and real property assessments to provide the primary funding for the regular Village operations. These factors, which are beyond its direct control, are quite variable. The State of Maryland is realizing fluctuations in real property assessments and this could impact the Village's property tax revenues. However, the difficulties experienced in the housing industry are expected to impact the assessment cycle and property tax revenue increases are not expected to match prior periods.

Income tax revenues are much more variable than the property taxes. While the property tax base is relatively steady, the income tax revenues are impacted by the tax liability of the residents and can be impacted as residents move into and out of the Village. Income tax revenues in fiscal 2010 were 13.5% lower than the budget and were 48% lower from fiscal 2009's collections. Income tax revenues for fiscal 2011 are budgeted as \$1,800,000 or almost 13.5% greater than fiscal 2010's actual receipts. The budgeted fiscal 2011 income tax revenues are consistent with the budgeted fiscal 2010 income tax revenues.

CHEVY CHASE VILLAGE, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The cost of general operations in FY2011 is expected to decrease approximately 18% from FY2010 levels to approximately \$3.8 million. The Village is pursuing special projects including the final payment to Montgomery County for the Wohlfarth property.

Safe Speed Programs: Long range plans for Village improvements include projects under consideration, in evaluation for feasibility or in the engineering design phase. They include construction work for a pedestrian walkway along Brookville Road and other sidewalk, roadway, and street light improvements.

A significant portion of the Village's assets is in cash and investments. The cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and, by agreements with the banks, the excess deposits are collateralized at 102% to protect the Village's position. Investments are primarily in instrumentalities of the U.S. Government and in the Maryland Local Government Investment Pool, which is a money market type account operated by the Maryland Treasurer and rated AAA by Standard & Poor and in certificates of deposit which are fully insured by the FDIC.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Manager at 5906 Connecticut Avenue, Chevy Chase, Maryland 20815.

Tables on pages 8 and 9 are compiled based on full accrual accounting. Tables on pages 10 and 11 are compiled on a modified accrual basis and include detail identifying the modifications.

CHEVY CHASE VILLAGE, MARYLAND
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents - unrestricted	\$ 192,115
Cash and cash equivalents - restricted	208,484
Investments	7,187,064
Other accounts receivable	26,398
Amounts due from other governments	446,768
Safe Speed program citations receivable, net of allowance	47,320
Total Current Assets	<u>8,108,149</u>
Noncurrent Assets	
Net capital assets	<u>2,106,348</u>
Total Noncurrent Assets	<u>2,106,348</u>
TOTAL ASSETS	<u><u>\$ 10,214,497</u></u>
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	\$ 285,683
Amounts held in escrow and deposit	7,713
Compensated absences	80,600
Current portion of long-term debt	-
Total Current Liabilities	<u>373,996</u>
Noncurrent Liabilities	
Compensated absences	196,968
Loan payable - long-term	-
Total Noncurrent Liabilities	<u>196,968</u>
TOTAL LIABILITIES	<u>570,964</u>
 NET ASSETS	
Invested in capital assets, net of related debt	2,106,348
Restricted	-
Safe Speed Program approved projects	3,932,569
Unrestricted	<u>3,604,616</u>
TOTAL NET ASSETS	<u><u>9,643,533</u></u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,214,497</u></u>

The accompanying notes to these financial statements are an integral part of these statements.

CHEVY CHASE VILLAGE, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government				
Governmental Activities:				
General government	\$ 1,315,551	\$ -	\$ 214,189	\$ (902,931)
Public safety	986,623	-	76,200	(910,423)
Public works	1,077,239	-	11,898	(1,065,341)
Communications	380,292	-	-	(380,292)
Safe speed program	2,468,570	2,616,748	-	148,178
Facilities, infrastructure, and equipment	507,932	-	-	(507,932)
Special projects	123,627	-	-	(123,627)
Total Governmental Activities	<u>6,859,834</u>	<u>2,815,179</u>	<u>214,189</u>	<u>(3,742,368)</u>
Total Primary Government	<u>\$ 6,859,834</u>	<u>\$ 2,815,179</u>	<u>\$ 214,189</u>	<u>\$ (3,742,368)</u>
			General revenues:	
			Taxes	
			Income taxes	1,451,928
			Property taxes	1,086,763
			Interest and investment earnings	75,158
			Total General Revenues	<u>2,613,849</u>
			Transfers in (out)	-
			Change in Net Assets	(1,128,519)
			Net Assets, beginning of year	<u>10,772,052</u>
			Net Assets, end of year	<u>\$ 9,643,533</u>

The accompanying notes to these financial statements are an integral part of these statements.

RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

The accompanying notes to these financial statements are an integral part of these statements.

CHEVY CHASE VILLAGE, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Taxes	\$ 2,643,859	\$ -	\$ 2,643,859
Safe speed citations	-	2,569,428	2,569,428
Intergovernmental	226,087	-	226,087
Fees, licenses, and permits	47,634	-	47,634
Rents	93,697	-	93,697
Interest income	63,258	11,900	75,158
Miscellaneous	133,300	-	133,300
Total Revenues	3,207,835	2,581,328	5,789,163
Expenditures			
General government	1,314,007	37,169	1,351,176
Public safety	944,190	1,835,030	2,779,220
Public works	962,361	71	962,432
Communications	366,019	65	366,084
Facilities, infrastructure, and equipment	486,638	65,586	552,224
Special projects	123,627	366,143	489,770
Bad debt expense	-	96,840	96,840
Capital projects	38,652	66,948	105,600
Capital outlay	7,174	59,081	66,255
Total Expenditures	4,242,668	2,526,933	6,769,601
Excess (deficiency) of revenues over expenditures	(1,034,833)	54,395	(980,438)
Other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,034,833)	54,395	(980,438)
Fund balance, beginning of year	4,422,929	3,878,174	8,301,103
Fund balance, end of year	\$ 3,388,096	\$ 3,932,569	\$ 7,320,665

Net Change in Fund Balances - Total Governmental Funds \$ (980,438)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (121,873)

Changes in deferred state income taxes do not provide current financial resources and are not reported as revenue in the funds. (57,848)

Difference between accrual and modified accrual in accounting for compensated absences. 31,640

Change in Net Assets of Governmental Activities \$ (1,128,519)

CHEVY CHASE VILLAGE, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2010

ASSETS

Cash and cash equivalents	\$ -
Investments, at fair value	1,203,351
Due from other funds	-
Total assets	<u>\$ 1,203,351</u>

LIABILITIES

Accounts payable	<u>-</u>
Total liabilities	<u>-</u>

NET ASSETS

Held in trust for pension benefits	<u>1,203,351</u>
Total net assets	<u>\$ 1,203,351</u>

The accompanying notes to these financial statements are an integral part of these statements.

CHEVY CHASE VILLAGE, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2010

ADDITIONS

Contributions	
Employer	\$ 137,614
Plan member	-
Total contributions	<u>137,614</u>
Investment Income	
Net increase in fair value of investments	107,916
Interest	-
Net investment income	<u>107,916</u>
Total additions	245,530

DEDUCTIONS

Distributions	(276,529)
Administrative expenses	-
	<u>(276,529)</u>
Net decrease	(30,999)
Net assets held in trust for pension benefits, July 1, 2009 - restated	<u>1,234,350</u>
Net assets held in trust for pension benefits, June 30, 2010	<u>\$ 1,203,351</u>

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Chevy Chase Village, Maryland (the “Village”) was established as a special taxing area in 1914 and incorporated in 1954. Since inception, the Village has operated under the Council-Manager form of government. Services provided include general government, public safety, public works, parks and recreation and the Village building.

The accounting policies of Chevy Chase Village conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the elected officials of the Village are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village’s financial statements to be misleading or incomplete. Based upon the application of criteria set by the Governmental Accounting Standards Board, there are no separate component units of the Village.

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Village’s funds are grouped into two broad fund categories.

The Village’s governmental funds include the General Fund and the Special Revenue Fund. The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The Special Revenue Fund is used to account for all financial resources pertaining to the Village’s Safe Speed program.

The Village currently has one Fiduciary Fund. The Pension Trust Fund is used to account for defined contribution plan assets held by the Village in a fiduciary capacity. This fund is accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Accounting

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Village has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). This is the same approach used in the preparation of the proprietary fund financial statements, if any, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, and program revenues for each segment of the business-type activities of the Village, if any, and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect costs may be allocated to programs. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as needed. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Village. Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Separate financial statements are provided for governmental funds, proprietary funds, if any, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Financial Statements

Fund financial statements report detailed information about the Village. The focus of governmental and enterprise financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental Funds

Village activities pertaining to general government, public safety, public works, communication, facilities, infrastructure, parks and recreation and general administrative services are reported in the governmental funds. All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The major governmental funds are:

- General Fund – This is the Village's primary operating fund. It is used to account for all financial resources except for those required to be accounted for in another fund.
- Special Revenue Fund – This fund is used to account for all financial resources pertaining to the Village's Safe Speed program.

Fiduciary Fund – Pension Trust Fund

The Village currently has one Fiduciary Fund. The Pension Trust Fund is used to account for defined contribution plan assets held by the Village in a fiduciary capacity. This fund is accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within two months of year-end and available to pay obligations of the current period). These include property taxes, investment earnings, charges for services and intergovernmental revenues.

Some revenues, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, some revenues are recorded as receivables and deferred until they become available. Safe Speed camera revenues are recognized as revenue when received.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are also recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which has not matured, are recognized when paid.

Allocations of costs, such as depreciation and amortization, are not recognized in the governmental activities.

Prior Period Adjustment

Due to a prior period accounting error, the beginning balance at July 1, 2009 for net assets held in trust for pension benefits was restated by \$59,554 to \$1,234,350 from the prior reported balance of \$1,174,796.

Cash and Cash Equivalents

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, excluding investments in the State of Maryland Local Government Investment Pool.

Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments," investments held at June 30, 2010 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Accounts Receivable – Net of Allowances

Receivables at June 30, 2010 consist of disaster reimbursement revenue, highway user revenues, property taxes, and safe speed camera citations. Taxes and highway user revenues are deemed collectible in full. The Village recognizes an allowance for doubtful accounts to ensure that speed camera receivables are not overstated due to uncollectibility. At June 30, 2010, the allowance for doubtful accounts in the special revenue fund is \$96,840.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Inventory of Supplies

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole with an acquisition cost or donated value of \$1,000 or more. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as roads, curbs and gutters, streets, sidewalks, drainage systems and lighting systems are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. Intangible assets are recognized if they are identifiable, and amortized over their useful lives if they do not have indefinite useful lives.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 40 years; improvements/infrastructure, 40 years; vehicles and equipment, 3 to 8 years; furniture and equipment, 8 years.

Restricted Reserves

The Village uses restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interest Expense

Interest is expensed as incurred except when interest is incurred during the construction period and is capitalized as part of the cost of the asset.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Compensated Absences

The Village allows employees to accumulate unused vacation that is payable to the employee at retirement or termination. The Village also allows employees to accumulate sick leave for future use or for payment upon retirement at the rate of one hour for every three hours of accumulated sick leave.

Vested or accumulated vacation or sick leave is accrued when earned by the employee and a liability is recorded in the government-wide financial statements. At June 30, 2010, the liability to Village employees for accrued annual and sick leave was \$277,568 based on the wage rates in effect during the fiscal year.

Post-Employment Benefits

The Village does not provide any post-employment benefits to its employees.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that were used.

Deferred Income Tax Revenue

At June 30, 2010, the Village was advised by the State of Maryland that \$446,768 of the Local Tax Reserve Fund was allocable to the Village. In accordance with the provision of GASB No. 33, the Village recorded receivable and deferred income tax revenue in the amount of \$446,768 in the fund financial statements. The change in this amount has been reflected as income tax revenue in the government-wide financial statements in accordance with full accrual accounting.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Equity Classifications

Equity is classified as net assets and is displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first and then unrestricted resources as needed.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

The Village prepares an annual operating budget, on a modified accrual basis for all Village funds, consistent with generally accepted accounting principles. The Board of Managers may subsequently amend the budget. The budget was amended during fiscal year 2010. For day-to-day management control, expenditures may not exceed budget at the department level.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit Policies

The Village is authorized to invest in certificates of deposit, repurchase agreements, passbooks, banker's acceptance, and other available bank investments. By arrangement with the banks, the Village's deposits in excess of the FDIC insured limit are collateralized at 102% by investments in U.S. Treasuries. The Village has contractual arrangements with the banks for funds to be transferred daily from investment in a repurchase agreement to cover checks as presented. For the Village's repurchase agreements, collateralization is provided at the rate of 102% by investments in a combination of U.S. Treasuries, FNMA and FHLMC mortgage backed securities held by the bank in the Village's name.

The Village's deposits are insured by FDIC or secured by a surety bond or collateralized with securities held by the Village, its agent, or by the pledging financial institution's trust department or agent in the name of the Village.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned or the Village will not be able to recover collateral securities in the possession of an outside party. The Village's policy requires deposits to be insured by FDIC, and balances exceeding FDIC limits be secured by a surety bond or collateral valued 102 percent of principal and accrued interest. Collateral is to be held by the Village, its agent, or by the pledging institution's trust department or agent in the name of the Village.

At year-end, the carrying amounts of the Village's deposits were \$400,299 and the bank balances totaled \$805,531. Of the bank balances, the entire amount was either insured by Federal Depository Insurance Corporation (FDIC), or balances exceeding FDIC limits are secured by a surety bond or collateral valued 102 percent of principal and accrued interest. Collateral is to be held by the Village, its agent, or by the pledging institution's trust department or agent in the name of the Village. At year end, the Village's bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village policy does not allow investments in commercial paper or corporate bonds, except under state law in the state investment pool.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Village's policy provides that investments generally be limited to those with maturities of one year or less.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. Village policy states that, except for obligations of the United States, Village funds in any one institution shall not exceed the lesser of one million dollars or one half of the total of Village funds. Village policy also allows a maximum of \$1,500,000 to be invested in MLGIP.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities in the possession of an outside party. At June 30, 2010, all of the Village's investments were insured or registered, invested in US Treasury securities, invested in MLGIP or were collateralized by US securities which were held by the Village's agent in the Village's name.

Generally, the Village's investing activities are managed by the Village manager with approval by the Board of Managers. Investing is performed in accordance with investment policies adopted by the board of managers complying with State Statutes and the Village Charter. The Village funds may be invested in:

- the Maryland Local Government Investment Pool (MLGIP)
- repurchase agreements collateralized by U.S. Treasury securities
- U.S. Government Agency and U.S. Government-sponsored instrumentalities
- secured certificates of deposit issued by Maryland banks
- money market funds whose portfolio is operated consistent with the SEC rule 2a-7 and that invest only in obligations that a federal agency or instrumentality issues

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS - continued

Investments

At June 30, 2010, the Village had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>	<u>Weighted Average Days to Maturity</u>
MLGIP - unrestricted	\$ 656,869	\$ 656,869	AAAm	46
MLGIP - restricted	832,948	832,948	AAAm	46
Total MLGIP	1,489,817	1,489,817		
Certificates of Deposit issued by:				
Chevy Chase Bank - CDAR	1,203,294	1,203,294	N/A	90
Chevy Chase Bank - CDAR SC	645,532	645,532	N/A	120
Frederick County Bank	250,000	250,000	N/A	90
The Columbia Bank	98,021	98,021	N/A	365
Baltimore County Savings Bank	150,000	150,000	N/A	330
Baltimore County Savings Bank	100,000	100,000	N/A	330
Midstate Federal Savings & Loan	250,000	250,000	N/A	90
OBA Bank	250,000	250,000	N/A	365
SunTrust Bank	250,000	250,000	N/A	90
Total Certificates of Deposit	3,196,847	3,196,847		
Treasury Bills	2,496,873	2,496,873	N/A	120
Money Market	3,527	3,527		
	<u>\$ 7,187,064</u>	<u>\$ 7,187,064</u>		
Pension Trust Fund - mutual funds	<u>\$ 1,203,351</u>	<u>\$ 1,203,351</u>	N/A	N/A

Notes: 1- Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

2- **Interest Rate Risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 – RECEIVABLES

Accounts receivable are comprised of the following as of June 30, 2010:

Disaster relief	\$ 13,023
Highway user	6,928
Property taxes	6,447
Safe Speed Program	47,320
Total	<u>\$ 73,718</u>

NOTE 5 – PROPERTY TAX

The Board of Managers holds an annual public hearing no later than May 31, for the residents to voice their opinion on the proposed real and property tax rates and annual budget. After the hearing, the board sets the tax rate by ordinance by May 31. Montgomery County (the County) tax offices are informed of the approved rate and County tax bills have these amounts included on them. Property taxes are levied as of July 1, on property values as of the same date. The rates of levy cannot exceed the constant yield tax rate without public notice and only after public hearings as determined by the Maryland Department of Assessments and Taxation. Village residents pay all property taxes directly to the County. The County then forwards all payments made to the Village office. When taxes are overdue, a lien is placed against the property. The Village believes all property taxes to be fully collectible and makes no allowance for uncollectible property taxes. The Village's real property and personal property tax rates for the year ended June 30, 2010 was \$.0898 per \$100 of assessed value and \$.66 per \$100 of assessed value respectively.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Brookville land	\$ 313,891	\$ -	\$ -	\$ 313,891
Subtotal	313,891	-	-	313,891
Depreciable capital assets:				
Street and sidewalk improvements	7,200	-	-	7,200
Village building and improvements	2,571,458	-	-	2,571,458
Furniture and fixtures	300,883	-	-	300,883
Vehicles and equipment	1,264,688	66,255	-	1,330,943
Subtotal	4,144,229	66,255	-	4,210,484
Total capital assets	4,458,120	66,255	-	4,524,375
Accumulated depreciation:				
Street and sidewalk improvements	270	180	-	450
Village building and improvements	1,073,700	46,643	-	1,120,343
Furniture and fixtures	265,799	14,308	-	280,107
Vehicles and equipment	890,130	126,997	-	1,017,127
Subtotal, accumulated depreciation	2,229,899	188,128	-	2,418,027
Net capital assets	\$ 2,228,221	\$ (121,873)	\$ -	\$ 2,106,348

Depreciation was charged to functions as follows:

Government activities:	
General government	\$ 61,849
Recreation and culture	11,967
Public works	82,394
Public safety	31,918
Total government activities depreciation expense	<u>\$ 188,128</u>

As of June 30, 2010, there were no material construction commitments.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 – DEFINED CONTRIBUTION PLAN

The Board of Managers established a trust-administered, single employer, defined contribution plan effective May 15, 1964, for eligible employees. Currently, the trustee for the plan is Principal Financial Group.

Employees become eligible participants of the defined contribution plan after completing 12 months of employment in which at minimum of 1,000 hours has been worked and the employee is at least 21 years of age. The Village makes contributions equal to 10% of the active participants' annual compensation to the plan.

The trustee held no securities of the Village on behalf of the pension plan during or at the close of the fiscal year.

Non-vested portions of terminated participants' account balances are applied to reduce the earliest employer contribution made after the forfeitures are determined. Active participants may make nondeductible voluntary contributions of up to 10% of their annual compensation to their account balance. Voluntary employee contributions are 100% vested and employer contributions vest at the following rate:

<u>Vesting Service</u>	<u>Vesting Percentage</u>
Less than 3 years	0
At least 3 but less than 4 years	20
At least 4 but less than 5 years	40
At least 5 but less than 6 years	60
At least 6 but less than 7 years	80
7 or more years	100

The plan defines a vesting year of service as one in which the employee works 2,000 or more hours. Total Village contributions were \$137,614 for the year ended June 30, 2010.

NOTE 8 – DEFERRED COMPENSATION PLAN

The Village offers a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 to all its employees. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property rights purchased with those amounts, and all income attributable to those amounts (until paid or made available to the employee or other beneficiary) shall be held in trust for the exclusive benefit of plan participants and their beneficiaries, and the assets can not be diverted for any other purpose and are not included in the Village's financial statements. The plan is administered by the Hartford Life Insurance Corporation. Employee contributions to the plan for the year ended June 30, 2010 were \$12,562.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 – LONG-TERM LIABILITIES

The Village's only long-term liabilities relate to accrued sick leave and accrued vacation. The Village policy is to pay employees meeting certain eligibility requirements one hour wages for each three hours of accumulated sick leave. The Village may pay employees for compensatory time. The following summarizes the changes in long-term liabilities for the year ended June 30, 2010.

<u>Compensated Absences</u>	<u>Balance July 1, 2009</u>	<u>Increase / (Decrease)</u>	<u>Balance June 30, 2010</u>	<u>Due within one year</u>
Accrued sick leave	\$ 131,545	\$ (18,406)	\$ 113,139	\$ 19,100
Accrued vacation	145,642	(9,008)	136,634	61,500
Accrued compensatory time	32,021	(4,226)	27,795	-
Total	<u>\$ 309,208</u>	<u>\$ (31,640)</u>	<u>\$ 277,568</u>	<u>\$ 80,600</u>

NOTE 10 – CONCENTRATION OF REVENUES

The Village derives most of its revenues from the citizens of the Village and from the Safe Speed program. The Village is located in Montgomery County, Maryland.

NOTE 11 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to workers, and natural disasters.

The Village has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the Village's property, general, public officials' legal liability, punitive damage and umbrella insurance coverages.

This is a total risk and cost sharing pool for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfers from the Trust's capital and surplus accounts, the Trustees shall determine a method to fund the deficit. The Trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

Premiums are charged to the appropriate Village's General Fund, with no provision made for claim liability in addition to premiums, unless an assessment is made by the Trust. There have been no assessments during the year ended June 30, 2010 and the amounts of settlements have not exceeded coverage for each of the past three years. During the year ended June 30, 2010 the Village paid premiums of \$19,206 to the Trust.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11 – RISK MANAGEMENT - continued

The Village is insured for worker's compensation through the Injured Worker's Insurance Fund of Maryland. Employees are bonded through commercial insurance carriers to limit the loss to the Village in the event of employee acts of embezzlement or theft.

NOTE 12 – POLICE SERVICES

The Village entered into agreements with Martin's Additions, Chevy Chase View, and Sections 3 and 5 of the Villages of Chevy Chase to provide police services to their communities. All agreements are for one-year renewable terms with payments based upon police service hours rendered. During fiscal year 2010, Martin's Additions, Chevy Chase View and Sections 3 and 5 of the Villages of Chevy Chase contracts ended and were not renewed.

NOTE 13 – DEFERRED REVENUE

At June 30, 2010, Chevy Chase Village was advised by the State of Maryland that \$446,768 of the Local Income Tax Reserve Fund was allocable to Chevy Chase Village. In accordance with the provisions of Government Accounting Standards Board ("GASB") 33 regarding the accounting and reporting of nonexchange transactions, the Village recorded a receivable and deferred income tax of this amount. The change in this deferred amount has been reflected as revenue in the entity-wide statements in accordance with full accrual accounting.

In FY2008, Chevy Chase Village instituted a program to enforce compliance with the posted speed limits in the Village. The program utilizes photographic equipment to capture the license number of vehicles determined to be in violation of the posted limits. Safe Speed revenues are recognized when received.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 14 – CHEVY CHASE OPEN SPACE

On August 12, 2002, the Village entered into a memorandum of understanding with Montgomery County (the "County") and the Maryland-National Capital Park Planning Commissions (the "Commission") for the purpose of acquiring property immediately adjacent to the Village. This property known as Chevy Chase Open Space is to be maintained and operated as a public park. The Village committed to contributing \$1,250,000 to the cost of the acquisition. Approximately \$311,600 of that amount was provided by Program Open Space Funds which the Village received from the County. In addition to the \$200,000 paid in fiscal year 2003, the Village contributed \$100,000 per year through 2009 and the balance of \$38,495 was paid on July 15, 2010. The Village paid their required annual contribution of \$100,000 for fiscal 2010.

The Commission and the Village are responsible for developing a management plan for the property. The property has been annexed by the Village, and the Village is responsible for municipal services to the property and the Commission handles park maintenance and operations.

The Village shall have the right of first refusal in the event that the County determines to sell all or a portion of the property. The purchase price would be 80% of the then current fair value of the property to be sold. In the event the Village does not exercise its right of first refusal and the County sells the land, the Village shall receive the greater of 20% of the proceeds or the amount of money it contributed to the acquisition of the property. A sale of part of the property would adjust the Village's reimbursement proportionally to the fraction of the property sold.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

The Village receives grants from time-to-time. Expenditures from certain grants are subject to audit by the grantor, and the Village is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Village's management, no material refunds will be required as a result of disallowed expenditures.

Litigation

The Village is a defendant in one lawsuit at June 30, 2010, which management is defending. No contingency has been established because neither the outcome of the cases nor the amount of an award, if any, can be determined. The Village is defending this matter.

CHEVY CHASE VILLAGE, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 16 – FUND BALANCE REPORTING

GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" is effective for the year ended June 30, 2011. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The Village has not determined the financial statement effect of GASB No. 54.

NOTE 17 – SAFE SPEED CAMERA REVENUES

Senate Bill 277, "Vehicle Laws – Speed Monitoring Systems – Statewide Authorization and Use in Highway Work Zones," was effective as of October 1, 2009. This law states:

"For any fiscal year, if the balance remaining from the fines collected by a political subdivision as a result of the violations enforced by speed monitoring systems, after the costs of implementing and administering the systems are recovered ..., is greater than 10% of the total revenues of the political subdivision for the fiscal year, the political subdivision shall remit any funds that exceed 10% of the total revenues to the Comptroller."

As of June 30, 2010, the Village has determined that no monies are due to the State Comptroller as a result of this law.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent to June 30, 2010, Chevy Chase Village entered into a contract with *Ardent Company, LLC* to serve as the general contractor and *Rummel, Klepper & Kahl, LLP* to serve as the construction management and inspection contractor for the construction of the Brookville Road sidewalk. Both of these contracts, totaling approximately \$1.12 million, are to be paid from the special revenue fund (*SafeSpeed* camera revenues).

CHEVY CHASE VILLAGE, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES - UNAUDITED
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes	\$ 2,846,987	\$ 2,846,987	\$ 2,643,859	\$ (203,128)
Intergovernmental	275,000	275,000	226,087	(48,913)
Interest income	91,889	91,889	63,258	(28,631)
Miscellaneous	235,109	235,109	274,631	39,522
Total Revenues	<u>\$ 3,448,985</u>	<u>\$ 3,448,985</u>	<u>\$ 3,207,835</u>	<u>\$ (241,150)</u>
Expenditures				
General government	\$ 898,035	\$ 1,370,035	\$ 1,314,007	\$ 56,028
Public safety	1,054,798	1,058,548	944,190	114,358
Public works	916,316	1,035,142	962,361	72,781
Communications	372,337	372,338	366,019	6,319
Capital Projects	46,440	46,439	38,652	7,787
Special projects	122,000	134,713	123,627	11,086
Facilities, infrastructure, and equipment acquisitions	509,400	546,875	486,638	60,237
Capital outlays	-	7,174	7,174	-
Total Expenditures	<u>\$ 3,919,326</u>	<u>\$ 4,571,264</u>	<u>\$ 4,242,668</u>	<u>\$ 328,596</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (470,341)</u>	<u>\$ (1,122,279)</u>	<u>\$ (1,034,833)</u>	<u>\$ 87,446</u>

CHEVY CHASE VILLAGE, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES - UNAUDITED
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Safe speed citations	\$ 2,778,570	\$ 2,778,570	\$ 2,569,428	\$ (209,142)
Interest income	9,166	9,166	11,900	2,734
Total Revenues	<u>\$ 2,787,736</u>	<u>\$ 2,787,736</u>	<u>\$ 2,581,328</u>	<u>\$ (206,408)</u>
Expenditures				
General government	\$ 47,912	\$ 47,912	\$ 37,169	\$ 10,743
Public safety	2,032,519	2,032,519	1,835,030	197,489
Public works	11,768	11,768	71	11,697
Communications	13,756	13,756	65	13,691
Capital Projects	125,078	125,078	65,586	59,492
Special projects	3,973,322	3,973,322	366,143	3,607,179
Bad debt expense	-	-	96,840	(96,840)
Facilities, infrastructure, and equipment acquisitions	97,158	157,504	66,948	90,556
Capital outlays	-	-	59,081	(59,081)
Total Expenditures	<u>\$ 6,301,513</u>	<u>\$ 6,361,859</u>	<u>\$ 2,526,933</u>	<u>\$ 3,834,926</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,513,777)</u>	<u>\$ (3,574,123)</u>	<u>\$ 54,395</u>	<u>\$ 3,628,518</u>

CHEVY CHASE VILLAGE, MARYLAND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2010

	Final Budget	Actual - General Fund	Budget Favorable (Unfavorable)
REVENUES			
Taxes			
Real estate	\$ 1,046,987	\$ 1,086,763	\$ 39,776
State income taxes	1,800,000	1,557,096	(242,904)
Total Taxes	<u>2,846,987</u>	<u>2,643,859</u>	<u>(203,128)</u>
From Other Governments			
State of Maryland			
Highway user revenue	75,000	11,898	(63,102)
State police aid	115,000	108,352	(6,648)
Montgomery County			
Duplicative services	85,000	105,837	20,837
Total From Other Governments	<u>275,000</u>	<u>226,087</u>	<u>(48,913)</u>
Miscellaneous			
Contracted police services	72,960	76,200	3,240
Investment income	91,889	63,258	(28,631)
Building rent	86,057	93,697	7,640
Fees, licenses and permits	34,150	47,634	13,484
Other income	41,942	57,100	15,158
Total Miscellaneous	<u>326,998</u>	<u>337,889</u>	<u>10,891</u>
Total Revenues	<u>\$ 3,448,985</u>	<u>\$ 3,207,835</u>	<u>\$ (241,150)</u>

CHEVY CHASE VILLAGE, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Budget Favorable (Unfavorable)
General Government (Administration)			
Personnel			
Salaries	\$ 332,219	\$ 305,415	\$ 26,804
Employer obligations	27,469	25,721	1,748
Employee benefits	90,252	62,833	27,419
Organizational development	20,500	16,504	3,996
Operations			
Communications	7,700	7,474	226
Community relations	39,300	40,302	(1,002)
General expenditures	29,900	37,238	(7,338)
Insurance	8,675	7,461	1,214
Professional services	779,800	782,265	(2,465)
Service contracts	12,100	13,517	(1,417)
Supplies	6,000	6,498	(498)
Vehicle operations	500	-	500
Equipment maintenance and repair	1,800	747	1,053
Computer and technical support	13,820	8,032	5,788
Total General Government	<u>1,370,035</u>	<u>1,314,007</u>	<u>56,028</u>
Public Safety			
Personnel			
Salaries	711,128	651,874	59,254
Employer obligations	93,061	85,013	8,048
Employee benefits	151,059	114,880	36,179
Organizational development	23,000	19,007	3,993
Operations			
Communications	8,350	10,267	(1,917)
General expenditures	8,000	8,825	(825)
Insurance	6,100	6,523	(423)
Professional services	500	576	(76)
Service contracts	6,250	6,378	(128)
Supplies	5,600	10,663	(5,063)
Vehicle operations	36,000	27,398	8,602
Equipment maintenance and repair	2,000	285	1,715
Computer and technical support	7,500	2,501	4,999
Total Public Safety	<u>1,058,548</u>	<u>944,190</u>	<u>114,358</u>

CHEVY CHASE VILLAGE, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Budget Favorable (Unfavorable)
Public Works			
Personnel			
Salaries	\$ 443,915	\$ 473,628	\$ (29,713)
Employer obligations	59,988	59,980	8
Employee benefits	110,089	86,409	23,680
Contracts labor/staff	10,000	4,968	5,032
Organizational development	3,500	766	2,734
Operations			
Communications	5,000	3,980	1,020
Disposal and recycling	289,000	242,475	46,525
General expenditures	6,000	4,581	1,419
Insurance	5,400	4,513	887
Professional services	250	-	250
Weather events	64,000	59,187	4,813
Small tools and shop supplies	3,000	3,677	(677)
Vehicles - operations	34,000	17,455	16,545
Equipment maintenance and repair	1,000	742	258
Total Public Works	<u>1,035,142</u>	<u>962,361</u>	<u>72,781</u>

CHEVY CHASE VILLAGE, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Budget Favorable (Unfavorable)
Communications			
Personnel			
Salaries	\$ 261,098	\$ 271,298	\$ (10,200)
Employer obligations	21,240	20,172	1,068
Employee benefits	57,496	54,776	2,720
Organizational development	5,750	1,193	4,557
Operations			
Communications	3,204	2,064	1,140
General expenditures	1,950	576	1,374
Service contracts	16,500	13,350	3,150
Supplies	2,500	2,106	394
Equipment purchases maintenance and repair	600	484	116
Computer and technical support	2,000	-	2,000
Total Communications	<u>372,338</u>	<u>366,019</u>	<u>6,319</u>
Special Projects			
Wohlfarth	100,000	100,000	-
Resident survey and staffing assessment	10,000	7,606	2,394
Website redesign	12,713	8,560	4,153
Electronic archiving	12,000	7,461	4,539
Total Special Projects	<u>134,713</u>	<u>123,627</u>	<u>11,086</u>
Capital Projects			
Personnel			
Salaries	22,062	26,439	(4,377)
Employer obligations	1,793	1,901	(108)
Employee benefits	7,059	3,873	3,186
Organizational development	1,000	118	882
Operations			
Communications	650	620	30
Insurance	200	-	200
Professional services	10,000	4,062	5,938
Service contracts	2,500	-	2,500
Supplies	800	1,493	(693)
Equipment purchases maintenance and repair	75	146	(71)
Vehicles - operations	300	-	300
Total Capital Projects	<u>46,439</u>	<u>38,652</u>	<u>7,787</u>

CHEVY CHASE VILLAGE, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - continued
FOR THE YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Budget Favorable (Unfavorable)
Facilities, Infrastructure and Equipment Acquisitions			
Village Hall			
Systems & Structures	\$ 13,600	\$ 10,642	\$ 2,958
Insurance	5,650	3,807	1,843
Service contracts	23,200	22,672	528
Supplies	3,300	4,194	(894)
Utilities	40,000	51,435	(11,435)
Equipment repair and maintenance	5,000	1,621	3,379
Total Village Hall	<u>90,750</u>	<u>94,371</u>	<u>(3,621)</u>
Parks, Trees and Greenspace			
Communications	1,460	990	470
Utilities	2,950	947	2,003
Equipment repair and maintenance	750	-	750
Supplies	200	67	133
Grounds and amenities	67,000	63,610	3,390
Professional services	5,000	-	5,000
Service contracts	6,890	8,844	(1,954)
Tree programs	289,000	249,198	39,802
Total Parks, Trees, and Greenspace	<u>373,250</u>	<u>323,656</u>	<u>49,594</u>
Streets, Walks, Drains, and Lights			
In-house maintenance & repair	33,500	22,733	10,767
Utilities	46,875	33,625	13,250
Contracted	-	10,825	(10,825)
Total Streets, Walks, Drains, and Lights	<u>80,375</u>	<u>67,183</u>	<u>13,192</u>
Vehicle and Equipment Replacement			
Copier purchase	7,174	7,174	-
Public works	2,500	1,428	1,072
Total Vehicle and Equipment Replacement	<u>9,674</u>	<u>8,602</u>	<u>1,072</u>
Total Facilities, Infrastructure, and Equipment Acquisitions	<u>554,049</u>	<u>493,812</u>	<u>60,237</u>
Total Expenditures	<u>\$ 4,571,264</u>	<u>\$ 4,242,668</u>	<u>\$ 328,596</u>

CHEVY CHASE VILLAGE, MARYLAND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Budget Favorable (Unfavorable)
REVENUES			
Safe Speed citations	\$ 2,778,570	\$ 2,569,428	\$ (209,142)
Investment interest	9,166	11,900	2,734
Total Revenues	<u>\$ 2,787,736</u>	<u>\$ 2,581,328</u>	<u>\$ (206,408)</u>

CHEVY CHASE VILLAGE, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Budget Favorable (Unfavorable)
EXPENDITURES			
Department Services			
General government	\$ 47,912	\$ 37,169	\$ 10,743
Police	2,032,519	1,886,936	145,583
Communications	13,756	65	13,691
Public works	11,768	71	11,697
Capital projects	125,078	66,948	58,130
Total Department Services	<u>2,231,033</u>	<u>1,991,189</u>	<u>239,844</u>
Facilities, Fleet and Infrastructure			
Equipment purchase	157,504	72,761	84,743
Total Facilities, Fleet and Infrastructure	<u>157,504</u>	<u>72,761</u>	<u>84,743</u>
Special Projects			
Landscape art	-	4,618	(4,618)
Right of way security & call boxes	32,500	1,298	31,202
Systems engineering	50,000	1,785	48,215
Photometric	35,272	17,973	17,299
Brookville Road walkway	1,188,550	331,772	856,778
Sidewalks	-	7,857	(7,857)
Other	2,667,000	840	2,666,160
Total Special Projects	<u>3,973,322</u>	<u>366,143</u>	<u>3,607,179</u>
Bad debt expense	-	96,840	(96,840)
Total Expenditures	<u><u>\$ 6,361,859</u></u>	<u><u>\$ 2,526,933</u></u>	<u><u>\$ 3,834,926</u></u>